Fiscal Note

State of Alaska 2023 Legislative Session

Bill Version: SB 49 Fiscal Note Number: 4

(S) Publish Date: 1/27/2023

Identifier: 0567-DEC-AQ-01-26-23 Department: Department of Environmental Conservation

Title: **CARBON STORAGE** Appropriation: Air Quality RLS BY REQUEST OF THE GOVERNOR Sponsor: Allocation: Air Quality

Requester: Governor OMB Component Number: 2061

Expenditures/Revenues

Personal Services Travel Services Commodities Capital Outlay Grants & Benefits Miscellaneous Total Operating Travel Source (Operating Only) None Total Overating Total T	Expenditures/Revenues Note: Amounts do not include in	nflation unless o	therwise noted	below.			(Thousand	s of Dollars)
Appropriation Requested Request Reques			Included in					
Requested Request		FY2024	Governor's					
PERATING EXPENDITURES FY 2024 FY 2025 FY 2026 FY 2027 FY 2028 FY 2027 rate and services FY 2028 FY 202		Appropriation	FY2024		Out-Ye	ear Cost Estima	tes	
Personal Services Travel Services Commodities Capital Outlay Grants & Benefits Miscellaneous Total Operating *** *** *** *** *** *** ***		Requested	Request					
Travel Services Commodities Capital Outlay Services Commodities Capital Outlay Grants & Benefits Miscellaneous Total Operating *** 0.0 *** *** *** *** *** *** *** ***	OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025		-	FY 2028	FY 2029
Services Commodities Capital Outlay Grants & Benefits Miscellaneous Total Operating **** **** **** **** Fund Source (Operating Only) None Total **** **** **** **** **** **** ****	Personal Services	***		***	***	***	***	***
Commodities Capital Outlay Grants & Benefits Miscellaneous Total Operating **** Total Operating **** Total Operating **** Total Operating Only) None Total **** Positions Full-time Part-time Temporary Change in Revenues None **** *** *** Change in Revenues None *** Total **** *** *** *** *** *** ***	Travel							
Capital Outlay Grants & Benefits Miscellaneous Total Operating *** 0.0 *** *** *** Fund Source (Operating Only) None Total *** 0.0 *** *** *** Positions Full-time Part-time Temporary Change in Revenues None *** 0.0 *** *** *** *** Total *** 0.0 *** *** *** Change in Revenues None *** 0.0 *** *** *** *** Total *** 0.0 *** *** *** *** Total *** 0.0 *** *** *** *** Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required) Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required) Does the bill create or modify a new fund or account? No (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section) ASSOCIATED REGULATIONS Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Possible If yes, by what date are the regulations to be adopted, amended or repealed? Why this fiscal note differs from previous version/comments:	Services							
Grants & Benefits Miscellaneous Total Operating **** 0.0 **** **** ****	Commodities							
Miscellaneous Total Operating **** **** **** **** **** *** *	Capital Outlay							
Total Operating *** 0.0 *** *** *** *** *** Fund Source (Operating Only) None	Grants & Benefits							
Fund Source (Operating Only) None Total *** 0.0 *** *** *** **** Positions Full-time Part-time Temporary Change in Revenues None *** 0.0 *** *** *** *** *** Total *** 0.0 *** *** *** *** *** Total *** 0.0 *** *** *** *** *** Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required) Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required) Does the bill create or modify a new fund or account? No (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section) ASSOCIATED REGULATIONS Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Possible Unknown Why this fiscal note differs from previous version/comments:	Miscellaneous							
None Total *** 0.0 *** *** *** *** *** Positions Full-time Part-time Temporary Change in Revenues None *** 0.0 *** *** *** *** *** None *** 0.0 *** *** *** *** *** Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required) Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required) Does the bill create or modify a new fund or account? No (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section) ASSOCIATED REGULATIONS Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Possible Unknown Why this fiscal note differs from previous version/comments:	Total Operating	***	0.0	***	***	***	***	***
Positions Full-time Part-time Part-time Temporary Change in Revenues None *** Total *** Change in Revenues None *** Total *** O.0 *** *** *** *** *** ***) 		T				
Positions Full-time Part-time Temporary Change in Revenues None *** Total *** *** *** *** *** *** Estimated SUPPLEMENTAL (FY2023) cost: Change in Revenues None *** *** *** *** *** *** Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required) Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required) Does the bill create or modify a new fund or account? No (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section) ASSOCIATED REGULATIONS Does the bill direct, or will the bill result in, regulation changes adopted by your agency? If yes, by what date are the regulations to be adopted, amended or repealed? Why this fiscal note differs from previous version/comments:		***	0.0	***	***	***	***	***
Change in Revenues None	Full-time							
None	Temporary							
Total *** 0.0 *** *** *** *** *** *** *** ***	Change in Revenues							
Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required) Estimated CAPITAL (FY2024) cost: 0.0 (separate capital appropriation required) Does the bill create or modify a new fund or account? (Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section) ASSOCIATED REGULATIONS Does the bill direct, or will the bill result in, regulation changes adopted by your agency? If yes, by what date are the regulations to be adopted, amended or repealed? Why this fiscal note differs from previous version/comments:								***
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Why this fiscal note differs from previous version/comments:			•		• •	Possible		
	If yes, by what date are the regu	ılations to be ac	lopted, amende	d or repealed?	L	Jnknown		
	Why this fiscal note differs fro	om previous ve	ersion/commer	nts:				
NOT ADDICADIE. INITIAL VERSION.	Not applicable, initial version.	5.01.040 10						

Prepared By:	Jason Olds	Phone:	(907)465-5109
Division:	Air Quality	Date:	01/26/2023 08:00 AM
Approved By:	Jason Brune	Date:	01/26/23
Agency:	Commissioner		

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FISCAL NOTE ANALYSIS

STATE OF ALASKA 2023 LEGISLATIVE SESSION

Analysis

The Division of Air Quality supports the efforts described in this bill to reduce carbon emissions into the atmosphere.

The Division of Air Quality's mission to control and mitigate air pollution and for conserving the clean air is funded primarily through permit administration and emission fees under 18 AAC 50.400 and are reset on a four-year cycle. The existing fee regulations, adopted in 2022, assumes that pollution emissions will remain relatively stable over the next four years by companies holding air quality permits. However, this bill allows companies to reduce those atmospheric emissions by pumping them back into the ground and would reduce their expelled tonnage. The Division's work of permitting air quality sources, monitoring, and associated compliance activities would not diminish despite companies reducing their emission footprint, but the associated revenue based currently on tonnage polluted would be reduced as a result of this bill.

The fiscal impact is indeterminate at this time.

It is unclear to what extent, and how quickly, oil and gas permittees may utilize carbon sequestration and reduce their emissions possibly to zero. The Division currently permits 42 oil and gas sources with the potential to emit over 250 tons per year. These 42 facilities combined allow for a maximum annual potential to emit 161,327 tons. However, stationary sources are allowed to submit reports of their actual emissions in lieu of paying emission fees on the maximum potential to emit. In FY23, the reported assessable pollution for these 42 facilities emitted 45,685 tons of air emissions. If additional emissions are generated and only carbon dioxide is separated from emissions and sequestered, there may be a net increase in other types of emissions due to the additional equipment used to separate out the emissions, resulting in an increase to fees and program support. Current tonnage fees for regulated pollutants of these facilities are \$84.29/ton.

Depending on the nature of emissions sequestered, this bill could necessitate a revenue substitute for the associated Clean Air Protection Fund (CAPF) revenue that may be lost as a result of air emission reductions.

(Revised 08/26/2022 OMB/LFD) Page 2 of 2